

SUBMISSION TO THE COP30 PRESIDENCY ROADMAP

Halting and Reversing Deforestation and Forest Degradation by 2030

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Dark Finance and Digital Opacity: How Illicit Financial Networks Exploit Data Gaps to Sustain Fossil Fuel Lock-In and Deforestation

Executive Summary

The global architecture for climate finance transparency operates on a foundational assumption that has been systematically exploited by the fossil fuel industry and by the criminal networks financing illegal deforestation: that disclosed financing flows accurately represent actual financial exposure. The Tax Justice Network's landmark 2024 report, *How 'Greenlaundering' Conceals the Full Scale of Fossil Fuel Financing*, has shattered this assumption with empirical precision, demonstrating that two-thirds of the fossil fuel financing provided by the world's sixty largest banks is granted to subsidiaries in secrecy jurisdictions — tax havens characterised by laws and structures that promote opacity for companies and individuals, making it impossible for regulators, campaigners and the public to determine where the money is going or whether banks and fossil fuel companies are abiding by their stated climate commitments. This practice, which the Tax Justice Network terms 'greenlaundering', is the fossil fuel equivalent of what the Financial Action Task Force (FATF) identifies as 'double laundering' in environmental crime: a system in which the financial

architecture is deliberately structured to create information voids that prevent regulatory enforcement. The COP30 Presidency Roadmap on deforestation cannot achieve its objectives if the capital flows sustaining both fossil fuel lock-in and illegal deforestation remain hidden behind the same wall of financial opacity that greenlaundering has constructed. This submission argues that closing these data gaps — through mandatory public country-by-country reporting, beneficial ownership transparency, and cross-border financial intelligence coordination — is not a peripheral governance reform but a structural precondition for the implementation of any credible deforestation and fossil fuel transition commitment.

1. The Data Gap as a Structural Enabler of Fossil Fuel Lock-In

The global transition away from fossil fuels is being measured against a baseline that is demonstrably incomplete. The Banking on Climate Chaos 2024 report, produced by a coalition including the Rainforest Action Network and BankTrack, documents the fossil fuel financing flows of the world's largest financial institutions. The Tax Justice Network's analysis of that data reveals that approximately 40 per cent of all fossil fuel financing — amounting to roughly USD 2.97 trillion — flows to fossil fuel subsidiaries located in the United States alone, with China and Canada receiving the next largest volumes. More significant than the headline flows, however, is the finding that high-secrecy jurisdictions — defined by a secrecy score exceeding 63.8 out of 100 on the Financial Secrecy Index — disproportionately attract fossil fuel investment beyond what is consistent with the size and type of their economies. Jersey, Delaware and Switzerland's canton of Baar feature prominently as jurisdictions through which both Glencore and Saudi Aramco — the world's largest coal and oil companies respectively — channel their financing structures in ways that make it technically and legally impossible for even well-resourced regulators to trace the full extent of financial exposure.

The mechanism through which this opacity operates is what the Tax Justice Network describes as a 'hall of mirrors'. When a bank such as BNP Paribas extends a USD 300 million credit line to a Norwegian-registered entity that is a subsidiary of a conglomerate with Arctic oil production assets, that transaction may not appear in the bank's disclosed climate exclusion policy reporting, because the immediate counterparty does not itself appear on the exclusion list. The beneficial connection to the fossil fuel activity is obscured by layers of subsidiary structures registered in jurisdictions that do not require public disclosure of beneficial ownership, country-by-country financial reporting, or consolidated group-level climate exposure statements. This is not incidental to the financing structure; the Tax Justice Network's analysis demonstrates that secrecy jurisdictions are systematically and disproportionately used for fossil fuel subsidiary registration in a pattern that cannot be explained by economic activity alone. The result, in the words of the Tax Justice Network researchers, is a 'culture of planned ignorance' in which banks can simultaneously maintain public climate commitments and channel capital to fossil fuel expansion through subsidiary chains that their compliance functions are structurally not required to consolidate.

The implications for the COP30 Roadmap on deforestation are direct. The deforestation-linked commodity supply chains that the EUDR and related instruments are attempting to render transparent — the palm oil, soy, cattle, timber and cocoa chains that are the primary commodity drivers of tropical forest loss — are financed through the same trade finance, commodity lending

and bond underwriting structures that the greenlaundering architecture serves. Consumer fossil fuel subsidies reached USD 1.53 trillion in 2022 — a record high — and global investment in fossil fuel production reached USD 1.12 trillion in 2024, continuing to rise despite the COP28 commitment to transition away from fossil fuels. These flows are not occurring in a transparent market where climate commitments and capital flows are legible to policymakers. They are occurring through subsidiary chains, secrecy jurisdictions and beneficial ownership structures that have been deliberately designed to be opaque, and whose opacity directly impairs the capacity of governments, civil society and financial regulators to enforce the commitments that the UNFCCC process has laboriously negotiated.

2. The Cryptocurrency Dimension: Digital Opacity in Nature Crime Finance

The opacity architecture sustaining fossil fuel lock-in through conventional banking secrecy has a parallel and increasingly integrated dimension in the digital asset ecosystem. The Chainalysis 2026 Crypto Crime Report documents that illicit cryptocurrency addresses received at least USD 154 billion in 2025, a 162 per cent increase year-on-year, driven primarily by a 694 per cent increase in the value received by sanctioned entities. The intersection with environmental crime and fossil fuel financing is not hypothetical. The GNET research programme has documented how extremist organisations operating in the DRC, Somalia and the Sahel have expanded their use of cryptocurrency to manage revenues from illegal gold mining, illegal logging and wildlife trafficking — the same natural resource crime ecosystem that drives deforestation and forest degradation. The US Department of the Treasury reported in 2024 that the Islamic State had significantly expanded its use of cryptocurrencies to include its African affiliates, whose revenue streams include illegal gold mining operations documented to generate between USD 700 million and USD 1.3 billion annually in smuggled gold, minerals, timber, charcoal and wildlife products from the DRC alone.

The broader digital opacity architecture presents a governance challenge of a qualitatively different character from conventional financial secrecy. Where secrecy jurisdictions exploit the gaps between national transparency regimes, cryptocurrency and digital asset flows can operate at the margins of any jurisdiction. The FATF's Travel Rule, now expanded to require crypto exchanges to share detailed customer data for transactions above a threshold, represents the most significant regulatory advance to date in applying anti-money laundering principles to virtual assets. But the Chainalysis data reveals that illicit actors are rapidly evolving their laundering methodologies in response: direct transfers from illicit entities to exchanges have collapsed from approximately 40 per cent of quarterly value in 2021-2022 to around 15 per cent by mid-2025, as criminal networks increasingly use layered on-chain infrastructure and professionalized money laundering services to obfuscate the origins of proceeds. Stablecoins now account for 63 per cent of all illicit cryptocurrency transaction volume, in part because sanctioned entities use them to access the US dollar outside the conventional banking system — creating a parallel liquidity channel for the proceeds of environmental crime that is partially visible on public blockchains but whose real-world connections to deforestation finance remain extremely difficult to establish without coordinated cross-jurisdictional intelligence.

The COP30 Roadmap has a specific contribution to make at this intersection. The FATF, which has identified illegal logging and deforestation as high-value financial crime types, has the mandate and the technical capacity to develop dedicated guidance on virtual asset monitoring for environmental crime proceeds. What it lacks, and what the UNFCCC process can provide, is the environmental intelligence — satellite data, supply chain traceability information, commodity flow data — that would enable financial intelligence units to identify the real-world counterparts of suspicious on-chain transactions. A deforestation event detected by satellite monitoring in the Para state of Brazil, cross-referenced with commodity export records and correspondent banking flows, and then cross-referenced again with on-chain transaction patterns associated with known money laundering infrastructure, would create an evidentiary chain that no single institutional actor currently has the mandate or data access to construct. The Roadmap should call for the creation of exactly this cross-institutional intelligence architecture.

3. The UN Tax Convention and the Climate-Tax Justice Nexus

The Tax Justice Network has argued that the fight for climate justice and tax justice are inseparable. Countries are losing USD 492 billion annually to multinational corporations and wealthy individuals using tax havens to underpay tax, according to the Tax Justice Network's State of Tax Justice 2024 report. In the climate context, this fiscal haemorrhage has a double consequence: it depletes the public revenues of producing countries that might otherwise finance clean transitions, and it enables the continuation of fossil fuel expansion through the subsidiary structures that secrecy jurisdictions make available to the industry. The recent agreement to establish a UN Tax Convention marks a shift toward a more democratically legitimate multilateral coordination mechanism on tax and transparency — one negotiated through a genuinely universal body rather than through the OECD's historically exclusive processes. The Tax Justice Network has identified this convention as a potentially critical instrument for closing the gap between international tax negotiations and international climate negotiations. The COP30 Roadmap should explicitly endorse the UN Tax Convention process as a climate governance instrument, calling specifically for provisions on public country-by-country reporting and beneficial ownership transparency to be included in the convention's scope, and for the UNFCCC Secretariat to establish a formal liaison with the UN Tax Convention negotiating body.

The deforestation dimension of this nexus is particularly acute. The FACT Coalition's analysis of Amazon-region environmental crime has identified anonymous shell companies as the most common vehicle for enabling and concealing the proceeds of illegal deforestation. The same beneficial ownership opacity that allows Glencore to channel its financing through Jersey and Delaware without meaningful regulatory scrutiny also allows illegal logging networks to register their operating companies in the same or equivalent jurisdictions, making it technically impossible for forest country enforcement agencies to identify the ultimate beneficial owners of the entities directing illegal land acquisition, deforestation and commodity falsification. Public beneficial ownership registers — already implemented in a growing number of jurisdictions following the EU's anti-money laundering package and the UK's Register of Overseas Entities — represent the single most effective structural intervention available to disrupt both greenlaundering and the environmental crime financing architecture simultaneously. The COP30 Roadmap should call upon all parties to establish publicly accessible beneficial ownership registers covering legal entities with

operations in forest-risk commodity sectors, with specific attention to the jurisdictions — including Delaware, the Cayman Islands, Jersey and Switzerland — that currently provide the most significant channels for opacity.

4. Toward a Data Architecture for Fossil Fuel and Deforestation Finance Transparency

The governance recommendations that flow from the analysis above converge on a single institutional need: a data architecture that connects the currently siloed information systems of the climate governance framework, the anti-money laundering framework, the tax transparency framework, and the financial regulatory framework into a coherent and actionable intelligence environment. This architecture requires, at a minimum, three interlocking components. The first is mandatory consolidated group-level climate financial disclosure, requiring financial institutions to report their total fossil fuel financing exposure — including that channelled through subsidiaries, intermediaries and structured products in secrecy jurisdictions — on a public, country-by-country basis. The second is interoperable beneficial ownership registries, requiring all legal entities with operations in forest-risk commodity sectors or fossil fuel production to disclose their ultimate beneficial owners in a standardised, machine-readable format accessible to financial intelligence units across jurisdictions. The third is a cross-institutional data sharing protocol connecting UNFCCC satellite monitoring and supply chain traceability data with FATF financial intelligence networks and the emerging cryptocurrency transaction monitoring infrastructure, enabling the kind of multi-signal analysis that can identify the financial architecture of illegal deforestation and fossil fuel financing that current single-institutional monitoring cannot detect.

The COP30 Presidency Roadmap is not a financial regulation; it cannot mandate these instruments unilaterally. What it can do — and what the moment demands — is to name the data gaps as the structural governance failure they are, to call upon the relevant international institutions to develop these instruments in coordination, and to establish the expectation that any credible deforestation commitment will be verified against financial flows, not merely against land cover change detected from orbit. The Tax Justice Network researchers have characterised greenlaundering as a 'hall of mirrors'. The Roadmap should commit to breaking that hall — methodically, institutionally and with the specificity that the scale of the problem demands.

5. Recommendations to the COP30 Presidency Roadmap

The authors advance the following five recommendations to the COP30 Presidency Roadmap on Halting and Reversing Deforestation and Forest Degradation by 2030.

The Roadmap should, first, explicitly identify financial opacity — including the use of secrecy jurisdictions for fossil fuel subsidiary structuring and the beneficial ownership opacity enabling environmental crime financing — as a primary structural impediment to the implementation of deforestation and fossil fuel transition commitments, and call upon the UNFCCC Secretariat to publish an annual assessment of the financial flows sustaining fossil fuel lock-in and illegal

deforestation, drawing on data from the Banking on Climate Chaos coalition, the Tax Justice Network's Financial Secrecy Index, and FATF environmental crime analysis.

The Roadmap should, second, call upon all Parties to establish publicly accessible beneficial ownership registers covering legal entities with material operations in forest-risk commodity sectors and fossil fuel production, with specific provisions requiring third-country entities operating through secrecy jurisdictions to disclose beneficial ownership as a condition of market access under applicable trade due diligence instruments, including the EUDR.

The Roadmap should, third, endorse the UN Tax Convention process as a climate governance instrument and call specifically for the inclusion of provisions on public country-by-country reporting and beneficial ownership transparency in the convention's scope, recognising the structural linkage between financial opacity, tax avoidance and the perpetuation of fossil fuel and deforestation financing.

The Roadmap should, fourth, call upon the Financial Action Task Force to develop dedicated guidance on the monitoring of virtual asset transactions for environmental crime proceeds, and to establish a formal information-sharing protocol with the UNFCCC Secretariat and relevant satellite monitoring bodies, enabling cross-institutional analysis connecting deforestation events, commodity flows and suspicious financial transactions.

The Roadmap should, fifth, call for the development of mandatory consolidated group-level climate financial disclosure standards applicable to all financial institutions providing material financing to fossil fuel or forest-risk commodity supply chains, requiring disclosure of total financial exposure including that channelled through subsidiaries, structured products and intermediaries in secrecy jurisdictions, and requiring verification of compliance with stated climate exclusion policies against disclosed subsidiary financing flows.

Conclusion

The COP30 deforestation commitment will be verified, ultimately, through satellite imagery of forest cover change. The financing that drives that change — whether through the greenlaundered fossil fuel capital that maintains the economic logic of fossil-fuel-dependent development models, or through the illicit financial flows of the criminal networks that clear forests for illegal mining, logging and agricultural conversion — will not be visible in that imagery. It moves through subsidiary chains in secrecy jurisdictions, through correspondent banking networks that do not ask what the money is for, and increasingly through digital asset infrastructure that operates at the margins of every regulatory regime simultaneously. The COP30 Presidency Roadmap must, as a matter of institutional coherence, commit to making that financial architecture visible — because no deforestation commitment can be durable, and no fossil fuel transition can be credible, while the money that sustains both remains deliberately, systematically, and profitably invisible.

Submitted to the UNFCCC Secretariat in response to the COP30 Presidency Invitation for contributions to the Roadmap on Halting and Reversing Deforestation and Forest Degradation by 2030.

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